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State Treasurer Delights In Making Money For Arizona

Is it possible to have a government agency that pays for itself in one business day?

Arizona Treasurer Dean Martin claims that it is, and that all of the expenses of his entire department are paid for in the first business day of the year, leaving him the remainder of the year to make money for Arizona taxpayers.

Martin recently toured Northern Arizona to educate citizens about the functions of the treasurer, to promote his success with the education endowment fund and to try to live up to his promise of open government records.

"We are essentially the state's bank," said Martin as he explained the treasurer's role.

He noted that each state department is required to deposit its funds with the treasurer and local governments, such as cities and counties, can also make deposits if they so choose. For example, the state treasurer's office manages Local Government Investment Pool (LGIP) accounts in which the City of Holbrook participates. The treasurer's job is to earn as much interest as possible on the money deposited by the various agencies while keeping the funds safe.

According to Martin, his office made \$1.3 million on Jan. 1 by loaning state money out to banks over the holiday weekend. That loan by itself paid for most of the department's operating expenses. On the first business day of 2007, investments paid the remainder of administrative expenses, and everything else earned during the year will help various state agencies and projects by allowing them to earn interest on money they deposit with the treasurer.

Martin noted that his office is on track for a record year. When he took over in January, he hired additional traders and investment specialists, and upgraded equipment so that his staff would have real-time access to the world's trading markets. Although the upgrades were expensive, Martin noted that they have already paid off, as earnings in the first quarter of fiscal year 2007-08 are up by 32.6 percent.

One of Martin's proudest accomplishments in his short time on the job is the increase in education endowment distributions. He estimates that \$69.26 million will be distributed to schools across the state, up 114 percent from the previous fiscal year. The total averages out to about an additional \$1,430 per classroom. Martin explained that the distribution is divided up per student, so that each school earns funding based on the number of students served. The funding is in addition to state aid funding.

According to Martin, state aid funding used to be reduced in years that large education endowment amounts were distributed, but state laws now prohibit state aid from being reduced based on endowment distributions. That means that the more Martin and his staff can make for the endowment, the more each school will receive.

Although Martin predicts a rough year for Arizona economically, since the state budget expenditures are outpacing income, he notes that his office is still in good shape because of

reliable market predictions. He expects that even with economic difficulties, such as the housing and credit busts, the treasurer's office will earn more than ever in the remainder of the fiscal year.

"I love this job," Martin remarked. "I think it's the only government job where you earn money for the taxpayers instead of spending it."

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